



March 15, 2017

Representative Kristi Noem
2457 Rayburn House Office Building
Washington, DC 20515

Dear Representative Noem;

On behalf of the state's post-acute providers, hospitals, health systems and clinician partners, the South Dakota Association of Healthcare Organizations (SDAHO) is writing to express our views on the American Health Care Act (AHCA) legislation to repeal and replace the Affordable Care Act (ACA).

The challenges associated with the ACA are familiar to our members, and we welcome the opportunity to identify solutions to improve our nation's health care systems. Although the AHCA introduces some new solutions, the bill presents more potential challenges. Primarily, we believe thousands of South Dakotans could lose their coverage because of an inability to pay for insurance due to significantly reduced federal subsidies.

As we understand it, the AHCA proposal includes significant changes to the funding structure for Medicaid and gives more authority to states for operation of their programs. We view greater state authority of the Medicaid program as a potentially positive change, but we see difficulties with the proposed. It is important to understand the implications that would accompany such flexibility such as increased financial risk that would occur under a per-capita cap funding model. Also, we are cautious about the unknown changes to the Medicaid base formula and how such changes could impact overall funding levels in a per capita approach.

As Congress works to re-examine the ACA, patients and the caregivers who serve across the country and South Dakota are depending on legislators to make access and coverage a high priority. We believe that any changes to the ACA must be guided by policies that ensure continued health care coverage for an estimated 20 million Americans and more than 25,000 South Dakotans who have benefitted from the law.

Given Congressional Budget Office (CBO) estimates, it appears that the effort to restructure the Medicaid program will cause significant reductions (\$880 billion across the country over 10 years and more than \$300 million annually in South Dakota) in a program that provides services to for our most vulnerable populations. In addition, South Dakota health care providers currently absorb \$124 million in uncompensated care annually, and those loses, coupled with significant cuts to reimbursement from the ACA within the AHCA, cast a bleak forecast for the future of South Dakota providers, especially for rural and safety-net facilities.

Furthermore, eliminating funding from some sources, but leaving in reductions to payments for hospital services, is unacceptable. If coverage is not maintained at current levels, those resources need to be returned to health care providers so they can continue in order to provide services to an increased number of uninsured South Dakotans.

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We recognize this measure represents the first step in a process. It is critical that the process be thoughtful and focused on finding ways to improve our health care system, particularly for the poor, elderly and disabled. We are asking you to protect our preserve access to care and find solutions to maintain coverage for as many Americans and South Dakotans as possible. We look forward to continuing to work with you on ACA reform, but we are unable to support AHCA in its current form, and request your consideration of our position.

Sincerely,

A handwritten signature in black ink, appearing to read "S.A. Duke". The signature is written in a cursive style with a large initial "S" and "D".

Scott A. Duke
President/CEO

cc: Curt Hohman, Chairperson